

## Judiciary Supplemental Benefit Programs

The following is a summary of the judiciary's supplemental benefit programs. More information about each of these programs is available on the Benefits online web site on the J-Net.

### 1. Flexible Benefit Program

#### Program Overview

The Flexible Benefit Program is a program which allows eligible judges and employees to pay for certain health care expenses not covered by insurance and dependent care expenses on a pre-tax basis.

The program consists of two tax-favored plans: a Premium Payment Plan and a Flexible Spending Account Plan. The Flexible Spending Account Plan, in turn, has two components: a Health Care Reimbursement Account and a Dependent Care Reimbursement Account. As an eligible employee of the federal judiciary, you may participate in any, all, or none of the plans.

#### **Premium Payment Plan**

As an eligible employee, you were **automatically enrolled** in the pre-tax option under the Premium Payment Plan, unless you waive the pre-tax option during enrollment. Enrollment in the pre-tax option allows you to realize tax savings by having your health insurance premiums deducted from your paycheck *before* your taxes are calculated.

If you prefer to have your premiums deducted *after* taxes are calculated, you must elect that option by waiving the pre-tax option.

#### **Flexible Spending Account (FSA) Plan**

Under this Plan you may elect to enroll in a Health Care Reimbursement Account and/or a Dependent Care Reimbursement Account.

##### **Health Care Reimbursement Account – for you, your spouse and dependents**

The Health Care Reimbursement Account allows you to set aside up to \$10,000 pre-tax from your paychecks to cover eligible health care expenses not reimbursed by any medical, dental, or vision care plan you, your spouse or your dependents have.

##### **Dependent Care Reimbursement Account – for qualified day care expenses**

The Dependent Care Reimbursement Account allows you to set aside up to \$5,000 pre-tax (up to \$2,500 if married and filing separately) from your paychecks to cover

eligible dependent care expenses incurred so you and your spouse, if married, can work or look for work, or your spouse can attend school full-time.

### **Eligibility Criteria**

You are eligible to enroll in some or all of these programs if you are an active employee who is eligible to participate in the Federal Employees Health Benefits Program. If your not-to-exceed (NTE) date does not extend to the end of the Plan Year, and your Enter on Duty (EOD) date is more than four years prior, you are eligible to participate in all these programs. If your NTE date does not extend to the end of the Plan Year and your EOD date is less than four years, you may enroll in the Premium Payment Plan and the Dependent Care Reimbursement Account, but you are ineligible to enroll in the Health Care Reimbursement Account.

### **How the Program Operates**

As a newly eligible employee, you will have 60 days from receipt of the enrollment package to make an election. An election period will be offered every year to allow you to change your elections to the Premium Payment Plan and the Flexible Spending Account Plan. Elections you make during the year will be in effect throughout the rest of the calendar year. Your election amount will be divided by the number of pay periods remaining in the year, and that amount will be deducted from your paycheck in equal installments throughout the year. Expenses must be incurred on or after your effective date and through the end of the Plan Year to be considered reimbursable. The Plan Year runs from January 1 to December 31 of every year.

The Health Care Reimbursement Account and the Dependent Care Reimbursement Account are two separate accounts, and if you enroll in both, you cannot transfer money between the two accounts.

The Federal Judiciary Flexible Benefit Program is a tax-qualified program based on the guidelines in Section 125 and Section 129 of the Internal Revenue Code. As with many other tax-favored programs, there are certain important IRS rules associated with participation:

**Salary Reduction:** In order to pay their health insurance premiums and to fund flexible spending accounts on a pre-tax basis, participants must agree to voluntarily reduce their compensation. The amount of this reduction is then committed during the Plan Year for the purpose of paying the premiums and funding the accounts.

Wages reported on the W-2 Form at the end of each tax year will reflect this reduction. However, the salary of record, as recorded in official personnel documents such as the AO-250 ("Notification of Personnel Action") will remain unreduced, and all pay-setting actions and benefits determinations will be based on the unreduced amount. This includes determinations of the annuity for which an employee is

eligible upon retirement, the amount of contributions that can be made to the Thrift Savings Plan, the amount of Life Insurance you may take out, and the amount of any pay increases.

**Irrevocable Elections:** Elections made during the annual enrollment period are irrevocable for the entire Plan Year. The only exception is if the participant experiences a qualified “change of status” (e.g., marriage, divorce, birth of a child) and the election change is caused by and is consistent with the change in status, as defined by the Internal Revenue Code. Election Changes due to a qualified “change of status” must be reported to SHPS within 60 days of the occurrence of the event.

**“Use it or Lose it”:** The Internal Revenue Service requires that unclaimed money remaining in either the Dependent Care Reimbursement Account or the Health Care Reimbursement Account after the end of the Plan Year be forfeited. The “use it or lose it” rule makes planning and budgeting important. If you overestimate your eligible expenses and contribute too much money to your reimbursement account, you lose the excess at the end of the Plan Year. For this reason, participants should consider being conservative in the amount of money they elect to deposit into either or both accounts.

**Annual Election Period:** An enrollment period will be held each year. During this period, eligible employees will have an opportunity to make completely new elections for the upcoming Plan Year. Your enrollment status for the Premium Payment Plan will remain the same for the upcoming Plan Year, unless you elect otherwise during the enrollment period. **However, you must make a new election during each enrollment period if you wish to participate in the Dependent Care Reimbursement Account and/or the Health Care Reimbursement Account for the upcoming Plan Year.**

**Claims:** Participants who enroll in the Health Care Reimbursement Account and/or the Dependent Care Reimbursement Account, receive reimbursement by filing a claim with SHPS. Reimbursement for those who have payroll direct deposit will be made via Electronic Fund Transfer (EFT) to the same account as pay. Others will receive a check mailed to the address of record. Payment will be sent within 5 business days, on average. Refer to the Benefits online web site on the J-Net for the proper documentation that is required to be filed with your claim.

### **How to Enroll**

Newly hired judges and judiciary employees who are eligible will be sent an enrollment package from SHPS within a few weeks of entering on the judiciary’s payroll. As a newly hired eligible employee, you will have 60 days from receipt of the enrollment package to enroll. After you review the materials and decide you want to participate in one or both of the flexible spending accounts, determine how much you wish to set aside for the remainder of the year. To enroll or waive participation in the premium payment

plan, simply call the Flex Line at 1-888-442-FLEX (3539) and use the Interactive Voice Response phone system, or complete the paper enrollment and mail or fax it to SHPS directly.

### **Questions**

If you have any questions about enrollment or about the program in general, please feel free to view the information on the SHPS website at <http://www.shps.net>, call the Flex Line at 1-888-442-FLEX (3539), or contact the Judiciary Benefits Program Office at 202-502-1160 or via email at Benefits Mailbox/DCA/AO/USCOURTS.

## **2. Commuter Benefit Program**

### **Program Overview**

The Commuter Benefit Program is a program which allows judges and judiciary employees to pay for certain mass transit and parking expenses incurred commuting to and from work on a pre-tax basis.

The program has two components, each of which allows enrollees to set aside money from their gross salary for eligible commuting expenses *before* taxes are withheld:

*A **Mass Transit Reimbursement Account*** allows enrollees to set aside money for eligible mass transit or vanpooling expenses incurred commuting to and from work.

*A **Parking Reimbursement Account*** makes the same allowance for eligible expenses incurred parking at or near the enrollee's place of employment or at or near the site at which the enrollee boards mass transit to commute to work.

The advantage of these reimbursement accounts is that all salary deductions up to a maximum amount are taken from gross salary *before* federal, state (in most cases) and FICA taxes are computed. Eligible commuting expenses are therefore tax free.

### **Eligibility Criteria**

The Commuter Benefit Program is available to judges, including senior judges and most recalled judges, and other active employees who work either a full-time or part-time schedule, and whose appointment is not limited to 90 days or less. Annuitants, judges retired from the office, intermittent employees or those with an appointment not-to-exceed date of 90 days or less are not eligible for this program.

## **How the Program Operates**

Participants must make an election and then submit claims to SHPS. However, under the Commuter Benefit Program there is no annual “open enrollment period.” Thus, you may enroll or make changes to your election at any time throughout the year. Once you elect a deduction from your gross salary, that election will carry over from month to month and year to year, until you amend or terminate the election. In addition, any balance remaining in your account rolls over from month to month and year to year. There are no refunds of contributions at any time. Should you leave the employment of the judiciary, you will forfeit any unused balance in your account.

Election changes can be made at anytime throughout the year for any reason. The effective date of the change is dependent on when SHPS receives your enrollment or change request. For example, if you submit a request on April 25, 2002, the effective date of the change will be May 6, 2002. Changes can be made by calling the FLEX line at 1-888-442-FLEX (3539) or by faxing/mailing a completed election form to SHPS.

Internal Revenue Code section 132(f) permits employees to set aside from salary up to \$100 per month for mass transit expenses and up to \$185 per month for parking expenses. Eligible employees may enroll in one or both of the reimbursement accounts. For instance, if you pay \$60 a month for a train pass and pay \$100 a month for parking at the train station, you can set aside money in separate reimbursement accounts to cover both these expenses. However, funds in one account cannot be used for expenses incurred against the other account.

The Commuter Benefit Program is in addition to programs that some courts are administering, under which employees receive, as tax-free fringe benefits, parking and public transportation subsidies that are *in addition to* gross income. Courts may continue these programs; however, the total tax-free benefit an employee may receive is limited by the Internal Revenue Code cap (which is currently \$100). Thus, if a court gives an employee a monthly subway voucher worth \$30, that employee may set aside no more than an additional \$70 per month in his or her Mass Transit Reimbursement Account (\$30 voucher + \$70 Mass Transit Reimbursement Account set aside = \$100).

Participants receive reimbursement by filing a claim, with either a receipt of expenses or signed certification of expenses on the claim form. Participants who receive their pay check by Electronic Funds Transfer (EFT) will receive reimbursement in the same banking account. A participant will be reimbursed only up to the amount currently on deposit in his or her reimbursement account. Any portion of an eligible claim not paid will be ‘pending’ until sufficient payroll deposits are received.

## **How to Enroll**

Newly hired judges and judiciary employees who are eligible will be sent an enrollment package from SHPS within a few weeks of entering on the judiciary’s payroll. After you

review the materials and decide you want to enroll in one or both of the reimbursement accounts, determine how much you wish to set aside each month. To enroll, simply call the Flex Line at 1-888-442-FLEX (3539) and use the Interactive Voice Response phone system, or complete the paper enrollment and mail or fax it to SHPS directly. Enrollment or changes can be made at anytime throughout the year. There is no “annual enrollment period.”

### **Questions**

If you have any questions about enrollment or about the program in general, please feel free to view the information on the SHPS website at <http://www.shps.net>, call the Flex Line at 1-888-442-FLEX (3539), or contact the Judiciary Benefits Program Office at 202-502-1160 or via email at AOHUBPO Benefits Mailbox or Benefits Mailbox/DCA/AO/USCOURTS.

## **3. Public Transportation Subsidies**

### **Program Overview**

On March 29, 2000, and November 24, 2000, the Director of the AO issued a memorandum to all Chiefs Judges and Federal Public Defenders regarding subsidies for employees’ use of public transportation. This memorandum delegated to all Chiefs Judges and Federal Public Defenders the authority to establish programs, using local court funds, to encourage employees to use means other than single-occupancy motor vehicles to commute to or from work, in accordance with provisions of 5 U.S.C. § 7905. This authority had previously been delegated upon request.

### **Establishing a Plan**

The court must establish a written plan governing administration of the program. No additional funding is available for these activities, and therefore any program must be implemented using existing court funds. Courts interested in establishing a subsidy program should contact their local public transportation company for information and details on how such programs operate in their area. Local transportation companies are also likely to have information about other local agencies or businesses that operate a transit subsidy program. More information is available from the Federal Transit Administration of the United States Department of Transportation’s web site located at (<http://www.fta.dot.gov>).

Procurement guidelines for acquiring transit passes or vouchers can be found on the J-Net at <http://jnet.ao.dcn/adminservices/procur/dectrees/trsubprg.html> or by calling the Procurement Management Division at 202-502-1330.

## **4. Long Term Care Program**

### **Program Overview**

Group long-term care coverage is designed specifically to cover the costs associated with long-term care. It includes a variety of services for people who are unable to care for themselves. It could be assistance in the home with day-to-day activities or special attention in a nursing home. Long-term care has evolved tremendously, and today it can be received in your home, in a community-based setting, such as adult day care, in an assisted living facility, or in a nursing home.

Specific coverage under the judiciary's long-term care program includes coverage for nursing home care (all levels, skilled to custodial, received in a licensed facility), community based care (assisted living facilities, adult day care, home health services), hospice care, care givers support (for informal, unlicensed care givers), and alternate plans of care.

Once enrolled in the Long-Term Care Program, you qualify for benefits when a licensed healthcare practitioner certifies that you are chronically ill in one of two ways:

- 1) You are unable to perform two of the six "activities of daily living." These activities are bathing, dressing, eating, continence, toileting and transferring.
- 2) You need substantial supervision to protect you from threats to your health and safety due to severe cognitive impairment.

### **Eligibility Criteria**

You are eligible for coverage in the Long-Term Care Program if you are a:

- Judge (including senior judges) or a judge's spouse
- Judiciary employee or spouse
- Retiree of a judiciary-sponsored retirement program or spouse
- Parent or parent-in-law of a judge or judiciary employee
- Grandparent or grandparent-in-law of a judge or judiciary employee

### **How the Program Operates**

Newly hired judges and judiciary employees who are eligible will be sent an enrollment package from CNA within a few weeks of entering on the judiciary's payroll. As a newly hired eligible employee, you will have 60 days from receipt of the enrollment package to enroll with guaranteed issue of coverage. This means you just need to complete the enrollment form. You do not need to complete a medical questionnaire or answer any questions about your health.

To be eligible for guaranteed issue of coverage, you must be an active employee who is on a:

- permanent appointment with a tour of duty of at least 16 hours; or
- temporary appointment of at least one year and one day with a tour of duty of at least 16 hours; or
- temporary indefinite appointment with a tour of duty of at least 16 hours; or
- re-employed annuitant with one of the appointments listed about.

All other eligibles must apply for coverage by completing either the short form application or the long form application where medical questions are asked and reviewed. The enrollment package contains an easy-to-use guide for determining which form needs to be completed when applying for coverage.

The group long-term care program uses a lifetime maximum benefit to determine the total dollars you receive in benefits. You select one of four coverage options for the maximum daily nursing home benefit. All other benefits are derived from this benefit. For example the maximum daily benefit for community based care will be 60 percent of the maximum daily nursing home benefit you select. Your lifetime maximum is calculated by multiplying the maximum daily nursing home benefit you select by 1,825 and rounding to the nearest \$1,000. Many insured participants view the lifetime maximum as a 'pool of money' rather than a number of days of coverage. As benefits are paid for services, the cost is subtracted from the lifetime maximum.

### **How to Enroll**

Once you receive your enrollment package from CNA, if you are interested in enrolling in the LongTerm Care Program, simply complete the appropriate form and mail it to CNA. If you are eligible for guaranteed issue of coverage, CNA will process your enrollment form and mail you a certificate of coverage. If you apply for coverage using the short form or the long form, you need to answer medical questions, which CNA will review and determine whether coverage will be offered.

### **Questions**

If you have any questions about enrollment or about the program in general, please call CNA Customer Service toll-free at 1-877-512-4007 or contact the Judiciary Benefits Program Office at 202-502-1160 or via email at Benefits Mailbox/DCA/AO/USCOURTS.

## **5. Long-Term Care Security Act**

In the fall of 2002, judges and judiciary employees will have an additional option for long-term care insurance. The Long-Term Care Security Act (Public Law 106-265),



passed in September of 2000, authorizes a government-wide long-term care insurance program for federal and postal service employees, members of the uniformed services, civilian and military retirees, and certain family members. This program is being developed by the Office of Personnel Management (OPM) and will be available by October 2002. General information about the program can be found on the OPM web site at <http://www.opm.gov>.

## **6. Professional Liability Insurance**

### **Program Overview**

In February 1999, a judiciary professional liability program was implemented to allow judges to be reimbursed up to half the cost of the annual premium for professional liability insurance, or \$150, whichever was less. The program was then amended to allow certain court employees to participate, and in March 2001, the Judicial Conference amended the reimbursement provisions. Judges and eligible employees may now be reimbursed for half the cost of the annual premium for professional liability insurance, regardless of cost.

### **Eligible Court Employees**

- all probation and pretrial service officers and officer assistants
- all court unit executives
- other “managers” and “supervisors” in the courts who are designated in accordance with the guidelines adopted by the Judicial Conference in September 1999, and amended in February 2000.

### **How the Program Operates**

The Judicial Conference has determined that court unit executives are in the best position to designate the managers and supervisors within their offices who should be eligible to participate in the program. In implementing this provision, court unit executives are to follow the guidelines below:

- All courts must have a written professional liability insurance reimbursement program plan. The court must announce its plan to employees before the program is implemented, and it must fully inform all eligible employees of their opportunity to participate. The plan must provide that the maximum reimbursement is one-half the cost of the policy.
- To the extent possible, co-located courts of appeals, district courts, and bankruptcy courts should endeavor to develop compatible programs.

- The program is limited to “management officials” and “supervisors” within the courts, as those terms are defined in section 7103(a) of title 5, United States Code.
- Generally, a person occupying a position as an attorney or law clerk is ineligible for the program unless the person serves in a supervisory capacity.
- The program must be administered fairly within an individual court, such that all qualified employees with the same or similar job descriptions must be eligible to participate. Eligibility determinations should be based upon examination of particular positions and their duties rather than the individuals occupying those positions.

### **Questions**

If you have any questions about the program, please contact the Judiciary Benefits Program Office at 202-502-1160 or via email at Benefits Mailbox/DCA/AO/USCOURTS.